

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01

CIAE-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05

SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02

OMB-01 DOE-15 /136 W

-----041233 160630Z /23

R 131102Z JUL 78

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 7156

USMISSION GENEVA

AMEMBASSY TOKYO

C O N F I D E N T I A L VIENNA 06328

GENEVA FOR USMTN

E.O. 11652: GDS

TAGS: ETRD, MTN

SUBJECT: AUSTRIAN TARIFFS ON AUTOMOBILES

REF: STATE 175114

1. EMBASSY HAS INFORMATION THAT JAPANESE HAVE BEEN NEGOTIATING WITH GOA TO GET TECHNICAL SPECIFICATION WHICH REQUIRES THAT CARS HAVE ROAD CLEARANCE OF AT LEAST 17 CM. CHANGED SO THAT THEY TOO CAN ENJOY FAVORABLE FOUR PERCENT TARIFF. THE RATE OTHERWISE IS 20 PERCENT. THE 4 PERCENT RATE WAS NEGOTIATED WITH USSR IN 1975 AND 1976 AND WAS DESIGNED TO ACCOMMODATE SOVIET VEHICLES ONLY. HOWEVER, US DEALERS REPORTED THAT WHEN THE CUSTOMS INSPECTORS WERE NOT OVERLY RIGID THE US PACER AND JAPANESE TOYOTA ALSO COULD QUALIFY FOR THE LOWER RATE. MORE RECENTLY, WE UNDERSTAND THAT THE CLEARANCE HAS BEEN MEASURED BETWEEN DIFFERENTIAL AND GROUND WHICH MAKES COMPLIANCE MUCH MORE DIFFICULT FOR US
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VEHICLES. WE SUSPECT THAT THIS ALSO HAS AFFECTED THE TOYOTA AND MAY HAVE LED TO THE NEW JAPANESE APPROACH.

2. ALTHOUGH THE AUSTRIAN MARKET FOR AMERICAN CARS HAS TRADITIONALLY BEEN VERY SMALL, CHANGES OVER RECENT YEARS IN DOLLAR/SCHILLING PARITY AND DETROIT'S REPORTED NEW INTEREST IN MAKING MODELS FOR EXPORT MIGHT

WELL OPEN NEW POSSIBILITIES. LOCAL US CAR REPRESENTATIVES HAVE TOLD US THAT THE 20 PERCENT TARIFF REPRESENTS A MAJOR BARRIER SINCE EC AND EFTA-MADE AUTOMOBILES ENTER DUTY FREE AND THE 30 PERCENT VAT NOW LEVIED ON ALL CARS IS BASED ON THE PRICE INCLUDING DUTY.

3. IN EARLIER CONVERSATIONS GOA TRADE OFFICIALS HAVE TOLD US THAT AUSTRIA WOULD BE WILLING TO GRANT THE US A CONCESSION ON AUTOMOBILE SPECIFICATIONS, BUT COULD DO SO ONLY IN RETURN FOR SOME CONCESSION FROM US. IF THE JAPANESE SUCCEED IN THEIR EFFORTS, THEN WE WOULD EXPECT TO BENEFIT IN ANY CASE. IF THEY DO NOT--OR IF ADDED LEVERAGE SHOULD BE IMPORTANT THE MTN COULD PROVIDE THE OPPORTUNITY TO OBTAIN THE CHANGE DESIRED. AS SOON AS THE APPROPRIATE TRADE OFFICIALS RETURN TO VIENNA WE SHALL PURSUE THIS FURTHER WITH THEM. IN THE MEANTIME WE WOULD WELCOME ANY COMMENT OR INFORMATION FROM ADDRESSEES. WOLF

NOTE BY OC/T: DELAYED IN TRANSMISSION

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NNN

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